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SUBJECT: NORTH KOREA; THE CARACAS SUMMIT; VENEZUELA'S ENTRY INTO
MERCOSUR; 07/06/06;BUENOS AIRES

1. SUMMARY STATEMENT

All local media report on Argentine President Nestor Kirchner's address to the Venezuelan National Assembly, in which he strengthened his alliance with Venezuelan President Hugo Chavez and added that Venezuela "is a full democracy fighting for justice." Papers speculate on the implications for the US, and they also report on the international community's reaction to North Korea's missile tests.

2. OPINION PIECES AND KEY STORIES

- "The North Korean crisis opened new fissures within the UN Security Council"

Alberto Armendariz, New York-based correspondent for daily-of-record "La Nacion," writes (07/06) "As happened some months ago with the Iranian nuclear program, North Korea's missile tests have created a division within the UN Security Council. Japan called for an emergency session expecting to win agreement for an immediate international course of action, but it met China and Russia's reluctance to increase pressure on Pyongyang.

"... The Chinese and Russian ambassadors (both countries are Pyongyang's trade partners) emphasized that the time has not come yet for threatening sanctions and they supported a softer, non binding, UN Security Council statement.

"... For his part, US representative John Bolton asked for a 'calm and balanced' response from his colleagues and took the occasion to emphasize US President George W. Bush's 'wisdom and leadership' when he decided to abandon the ABM Treaty in 2001 and implement a complex antimissile shield."

- "The Argentine position on North Korea"

Daily-of-record "La Nacion" reports (07/05) "According to Argentine Ambassador to the UN Cesar Mayoral, the Argentine Government believes that the North Korean missile tests 'endanger the world peace and security'... The diplomat warned that, for the time being, Argentina does not agree with implementing sanctions on Pyongyang and prefers a diplomatic solution."

- "The US condemns North Korea, but the UN does not issue any sanctions"

Ana Baron, Washington-based correspondent for leading "Clarín," comments (07/06) "The White House energetically condemned North Korea's missile launching, but no consensus was reached at the UN Security Council to implement sanctions.

"US President George W. Bush opined that North Korea 'is becoming more isolated from the world' and US Secretary of State Condoleezza Rice warned that if, by launching seven missiles, Pyongyang wanted to compel Washington to sit to hold bilateral negotiations, it was 'wrong' because the US still believes that the best to do is negotiating through the G6, which also includes Japan, China, Russia and South Korea.

"Rice added that the international community unanimously condemned the missile launching and has a number of tools to prevent these operations.

"... US Ambassador to the UN John Bolton underscored that 'the tenor of discussions shows that there is little support for these missile launchings within the international community.'"

- "Venezuela raises commercial expectation and political objections"

Gabriel Buttazzoni, columnist of business-financial, center-right "InfoBae," writes (07/06) "President Nestor Kirchner's trip to Venezuela was successful in all purposes. The Argentine President was the one who promoted Venezuela's entry into Mercosur. At the same time, bilateral ties were strengthened, particularly through the announcement of the issuance of a common bond...

"According to economist Camilo Tiscornia, 'Venezuela's entry into Mercosur will be highly positive for Argentina in terms of trade because both economies are complementary and food sales are expected to increase to a big extent.'

"... However, Tiscornia pointed out that 'Chavez is not well seen in the international scenario, and this is why I do not know whether this will be positive when Mercosur negotiates with the world. We will have to wait and see whether they believe whether Mercosur can put a brake on him or whether Mercosur will lose influence because of this.'"

- "Mercosur consolidates its own profile and distances itself from Washington"

Business-financial "El Cronista" reports (07/06) "In a double challenge to the USG, the Mercosur countries announced their support for Venezuela's entry into the strategic UN Security Council, and they also started to analyze Hugo Chavez's proposal to unite the Mercosur armed forces with the purpose of guaranteeing the region's domestic security.

"The regional leaders' support for Venezuela's political plans in the international field has marked a big distance with the White House's purposes. The White House wanted to convince the South American governments that supporting Chavez's application for the UN Security Council is unadvisable.

"However, the Mercosur leaders dismissed Washington's recommendations and in the same protocol in which they supported Venezuela's entry into Mercosur they also supported the country's entry into the UN Security Council."

- "Pros and cons of a partnership with the Venezuela of Hugo Chavez"

Sergio Serrichio, political and economic columnist of business-financial "El Cronista," writes (07/06) "Venezuela's entry into Mercosur and the strengthening of the Argentine-Venezuelan bilateral relationship seems a mutually beneficial measure. The Caribbean country has energy surplus, it is a good trading complement of Mercosur partners and has abundant liquidity...

"However, can Argentina distance itself from Chavez's policies or gestures and dodge the cost of them?

"According to Jorge Castro, international analyst and former secretary for Strategic Coordination during the Menem

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administration, the answer is negative. While he acknowledged the

positive aspects of the exchange with Venezuela, Castro warns that, on issues like the Iranian nuclear development and Pyongyang missiles, Chavez is confronted not only with the US, but also with Japan, China and the EU. According to him, 'this affects the risk of investing in South American countries in an environment in which foreign direct investment in the region is lower than 15 years ago.' This is why, according to him, Venezuela's entry into Mercosur will make it more difficult to obtain foreign direct investment.

"... According to Diana Tussie, Flacso researcher, in contrast, the issue is not so important. 'Mercosur does not have a common foreign policy. A country is not damaged by the statements made by another. Brazil does not have the same intellectual property policy as Argentina, and this does not affect us.'"

13. EDITORIALS

- "Oil slick"

Liberal, English-language "Buenos Aires Herald" editorializes (07/06) "President Nestor Kirchner chose a strange way of celebrating the 230th Independence Day of the US on Wednesday by hobnobbing with the one of the main US bugbears in the region, Hugo Chavez of Venezuela. There were few enough other novelties to report about the Caracas summit - certainly not the 'historic' entry of Venezuela into Mercosur, which was already announced last December and which could take up to four years to become formal reality with the maze of trade bloc norms and treaties still awaiting ratification...

"Otherwise, the summit served to anchor a 'strategic alliance' between Argentina and Venezuela, based largely on a generous flow of oil and petrodollars alike in a southward direction...

"... Perhaps Chavez might be wary about drawing closer as necessarily bringing him nearer while Mercosur should certainly be wary of that well-oiled firebrand."

- "Trouble with the US due to friendship with Chavez"

Business-financial "Ambito Financiero" front-pages (07/06) "... Yesterday, the Argentine government accrued negative signals towards the US, whose government Kirchner has always wanted to praise. He did it particularly in the security field (war on terrorism, Haiti, etc), which is precisely where those signs launched by the President were made obvious in Caracas: 1) Kirchner participated in a military parade in which Hugo Chavez presented two war airplanes purchased from Russia after Washington hindered Venezuela's arms sale. 2) In

an address to the Venezuelan Congress, Kirchner said that there is full democracy in Venezuela. 3) Along with the other Mercosur leaders, Kirchner signed a document supporting Venezuela's entry into the UN Security Council, something rejected by the US. Is this a turn in his policy or a call for negotiation?

"... All these signals imply an important turn in Kirchner's policy toward the US, a country the Argentine government has rebuffed during speeches but has praised if one takes into account the measures taken by the Argentine administration.

"The Argentine government's support for Washington's war on terrorism and the sending of peacekeeping troops to Haiti were measures that had a political cost for Kirchner, but all the same he took them as requested by the Bush administration."

- "Expansion of Mercosur"

Conservative "La Prensa" editorializes (07/06) "Along with Venezuela's entry into Mercosur, the Argentine Government continues strengthening its economic and commercial alliance with the new partner...

"... The changes in Mercosur have improved Argentina's chances for wielding regional leadership based on a guided handling of the main macroeconomic aspects, and a sustainable-growth environment..., and without seeking to establish a regional monetary fund that could impact negatively on every country's domestic regulatory policies."

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